



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 28, 2003

H.R. 36

A bill to amend title 38, United States Code, to provide that remarriage of the surviving spouse of a deceased veteran after age 55 shall not result in termination of dependency and indemnity compensation otherwise payable to that surviving spouse

As introduced on January 7, 2003

SUMMARY

H.R. 36 would allow a veteran's surviving spouse who remarries after age 55 to continue receiving dependency and indemnity compensation (DIC) payments from the Department of Veterans Affairs (VA). CBO estimates that enacting this legislation would increase direct spending by \$34 million in 2004, \$306 million over the 2004-2008 period, and \$630 million over the 2004-2013 period. In addition, the bill would increase spending subject to appropriation by less than \$100,000 each year over the 2004-2006 period.

H.R. 36 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 36 is shown in the following table. This estimate assumes that the legislation will be enacted by October 1, 2003. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	34	60	73	71	69
Estimated Outlays	0	34	60	73	71	69

BASIS OF ESTIMATE

H.R. 36 would allow a surviving spouse who remarries after age 55 to continue receiving DIC payments. The bill would apply retroactively, allowing surviving spouses who have already remarried after the age of 55 to resume receiving DIC payments.

Direct Spending

Under current law, the VA provides DIC payments to the surviving spouse of certain deceased veterans. If a surviving spouse remarries, DIC payments cease. Should the subsequent marriage end, either due to divorce or death of the new spouse, DIC payments can resume. In fiscal year 2002, about 300,000 surviving spouses received DIC payments. CBO estimates that in that year, about 330 surviving spouses over age 55 (or about 0.1 percent of all surviving spouses receiving DIC) remarried and stopped receiving DIC payments as a result. CBO projects that, under current law, the number of remarriages would gradually increase each year as the overall population of DIC recipients increases and exceed 400 a year by the end of the decade.

CBO estimated the costs for three groups of surviving spouses—those over age 55 who would remarry under current law, those over age 55 who would choose not to remarry under current law but would remarry if H.R. 36 were enacted, and those who remarried after age 55 before enactment of this bill.

Surviving Spouses Over Age 55 Who Would Remarry Under Current Law. CBO estimates that over the 2004-2013 period, about 385 surviving spouses over age 55 would remarry each year on average under current law. Under H.R. 36, federal spending for DIC would increase because those surviving spouses would now receive DIC payments that would have stopped under current law. These payments would not begin until 2004. The average DIC payment in fiscal year 2002 was \$12,244. Such payments are adjusted annually for increases in the cost of living. After accounting for expected mortality of the remarried

surviving spouses as well as their new spouses, CBO estimates that the additional cost to provide DIC payments to surviving spouses over age 55 who would remarry under current law would be \$7 million in 2004, \$69 million over the 2004-2008 period, and \$227 million over the 2004-2013 period.

Surviving Spouses Over Age 55 Who Would Choose Not to Remarry Under Current Law. Under H.R. 36, some surviving spouses over age 55 might choose to remarry who would not have done so under current law. CBO estimates there would be no additional cost to provide DIC payments to those individuals. Because those surviving spouses would choose to remain unmarried and receive DIC payments continuously under current law, providing DIC payments if they remarry would result in no additional costs to the program.

Surviving Spouses Who Remarried After Age 55 Before Enactment of the Bill. H.R. 36 also would apply retroactively, allowing surviving spouses who remarried after age 55 before enactment of this legislation to resume DIC once this legislation was enacted. After accounting for expected mortality of the remarried surviving spouses as well as their new spouses, CBO estimates that, over the 2004-2013 period, almost 4,500 surviving spouses who remarried after age 55 would resume receiving DIC payments. That estimate assumes that about 65 percent of the eligible retroactive cases would apply to resume DIC payments. CBO estimates that the additional cost to provide DIC payments to this population be \$27 million in 2004, \$237 million over the 2004-2008 period, and \$403 million over the 2004-2013 period. Such costs could obviously be much higher or lower, depending on the portion of eligible people that apply for this retroactive benefit.

Together, CBO estimates that the additional cost to provide DIC payments to surviving spouses who remarry over age 55 would be \$34 million in 2004, \$306 million over the 2004-2008 period, and \$630 million over the 2004-2013 period.

Spending Subject to Appropriation

CBO estimates that enacting H.R. 36 would result in almost 6,000 retroactive cases of surviving spouses applying to reinstate their DIC payments. Processing those additional applications would increase outlays by less than \$100,000 each year over the 2004-2006 period, assuming appropriation of the necessary amounts, CBO estimates.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 36 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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